

the country "; hence the Bank of Canada's actions must and do indirectly influence the external value of the Canadian dollar.

Advisory Function of the Bank and its Duty as the Government's Banker.—Apart from the foregoing functions, the Bank of Canada fulfils another main purpose—that of acting as the Dominion Government's banker and advisor, of issuing its securities, etc.; and it has the power to act in a similar capacity to the Provincial Governments. Expert and impartial advice is perhaps the chief form of assistance which the Bank can render directly to the Governments of Canada, and the close and intimate internal and external contacts which it must maintain, the key position it holds in the banking structure of the country, the experience which it builds up, its power to form a relationship with other central banks, its close association with the knowledge of the field of international banking, and the fact that it is a non-profit-making institution and has no sectional interests to serve, should combine to equip the Bank for the performance of this important function.

Subsection 3.—Bank of Canada Operations.

The operations of the Bank of Canada, as shown by the liabilities and assets statement as at Mar. 13, 1935, and Dec. 31, 1935 and 1936, are shown in Table 1.

1.—Liabilities and Assets of the Bank of Canada, Mar. 13, 1935 and Dec. 31, 1935 and 1936.

Item.	Mar. 13, 1935. \$	Dec. 31, 1935. \$	Dec. 31, 1936. \$
LIABILITIES.			
Capital paid up.....	4,991,640	5,000,000	10,100,000
Reserve fund.....	Nil	173,092	743,716
Notes in circulation.....	97,805,665	99,677,229	135,735,458
Deposits—			
Dominion Government.....	4,212,200	18,262,844	19,917,329
Chartered banks.....	151,927,628	181,636,034	186,973,785
Other.....	277,922	766,255	2,059,627
Totals, Deposits.....	156,417,750	200,665,133	208,950,741
Dividends declared.....	Nil	113,000	182,793
Other liabilities.....	99,702	2,026,698	1,273,197
Totals, Liabilities.....	259,314,757	307,655,152	356,985,905
ASSETS.			
Reserves (at Market Values)—			
Gold coin and bullion.....	106,584,356	180,509,343	179,376,816
Silver bullion.....	986,363	1,638,366	2,257,032
Sterling and U.S.A. dollars.....	394,875	4,223,101	9,125,401
Other currencies, of countries on a gold standard.....	Nil	9,215	Nil
Totals, Reserves.....	107,965,594	186,380,025	190,759,248
Subsidiary coin.....	297,335	128,778	143,116
Advances to Dominion Government.....	Nil	3,465,813	Nil
Investments (at Not Exceeding Market Values)—			
Dominion and Provincial Government short-term securities.....	34,846,294	30,873,169	61,299,024
Other Dominion and Provincial Government securities.....	115,013,637	83,409,675	99,016,390
Totals, Dominion and Provincial Government Securities.....	149,859,931	114,282,844	160,315,414
Bank premises.....	Nil	111,911	350,719
All other assets.....	1,191,897	3,285,780	5,417,408
Totals, Assets.....	259,314,757	307,655,152	356,985,905